

Ag Adjustment Committee

Thursday, July 7, 2011 - 10:00 am
Director's Office, Iowa Department of Revenue
Hoover Building, 4th Floor
Des Moines IA 50319

Minutes

Chair, Courtney Kay-Decker, called the meeting to order at 10 am with the following committee members present: Cary Halfpop, Wayne Schwickerath, Deb McWhirter, Ryan Lafrenz, Dale Hyman, Courtney Kay-Decker, Paul Jones, Chris Ensminger, Tim Johnson, and Marsha Carter (Marsha via conference call). Other guests in attendance were Dustin Blythe, Bruce Hovden, Greg Johnson, and Robert Haegele.

After introductions, Courtney Kay-Decker briefly reviewed the purpose of the committee, which is to establish guidelines for implementing agricultural land revaluation using the modern soil survey with consistent methodology for land use or other adjustments. Other comments were shared as follows:

Dustin Blythe (House Republican Caucus Staff) – Complaints came in from constituents, mostly from western Iowa, to legislators. The issues mainly were on timber ground, which saw some very large increases due to the removal of some adjustments that were previously in place. Also, some assessors were telling the owners that the changes were mandated by the state. Dustin is hopeful that something can be done through the drafting of administrative rules to improve the consistency of ag assessments and adjustments.

Paul Jones (Iowa Cattlemen's Association) – Pastureland is in many locations being assessed the same as crop land.

Dale Hyman (IDR) – There is a lack of consistency (adjusting versus non-adjusting) as indicated by the preliminary results in the survey that was distributed to committee members. Administrative rules would be the best approach. Total value of ag for a given county will not change. There are also some questions on how the acres are being assessed. Mapped acres (from aerials) versus deeded acres can uncover significant discrepancies.

Tim Johnson (Farm Bureau) – Mainly heard from Monona, Boone, and Warren. They do not want to force farmers to remove trees or move marginal lands into crop land.

Marsha Carter (Shelby Co Auditor) – She spoke to her assessor about the issues, and they are also concerned with statewide consistency, but note that not all have current soil surveys implemented, have limited staff and resources, and wonder if this would be an automated process.

Paul Jones – Need to conclude the ideal methodology for making ag adjustments, then worry about how to implement. Paul has concerns with frequently-flooded areas, gulleys, steep slopes, and pasture versus crop land. Paul asked for clarification on what CSR means or how a CSR becomes a land value.

Wayne Schwickerath (Story Co. Assessor) – Wayne is pro-adjustment. Cash rents were a part of their focus when he implemented adjustments back in Chickasaw County for 1996 assessments. Pasture rented for 10-30% of what tillable rented for. Thus, they concluded that a 90% reduction was realistic. In Story County, they only allow a 40% reduction, but Wayne feels this may not be enough and may change in the near future. Building sites and CRP land were included with tillable. Requiring adjustments will increase higher value ground. Funding for implementation will be an issue.

Deb McWhirter (Butler Co. Assessor) – Deb does not currently make adjustments. Cost of implementation is a concern. Where do we get land use information? Clear and concise instructions from IDR will also be needed. Franklin County issues also included the removal of slough bill in the county.

Marsha Carter – Shelby County currently does not make adjustments. The assessor felt it was much more fair and consistent than what was previously used. They have very few ag land complaints.

Ryan Lafrenz (Warren Co GIS Coordinator) – FSA layers are not available due to the federal farm bill. Clean-up work is needed to match FSA maps to ownership maps. Software needs will only come at considerable cost. Funding cuts will bring additional challenges.

Chris Ensminger (Iowa DNR) – Is the CSR the best method for allocating value to ag land? Most profitable acres are being farmed. Is the modern soil survey required by Code or only by rules?

Note: Iowa Code §441.21(1)f and 701 IAC §71.3(1) are inserted below for reference.

441.21(1)f. In counties or townships in which field work on a modern soil survey has been completed since January 1, 1949, the assessor shall place emphasis upon the results of the survey in spreading the valuation among individual parcels of such agricultural property.

71.3(1) Productivity. In determining the productivity and net earning capacity of agricultural real estate, the assessor shall also use available data from Iowa State University, the United States Department of Agriculture (USDA) National Agricultural Statistics Service, the USDA Farm Service Agency, the Iowa department of revenue, or other reliable sources. The assessor shall also consider the results of a modern soil survey, if completed. The assessor shall determine the actual valuation of agricultural real estate within the assessing jurisdiction and spread such valuation throughout the jurisdiction so that each parcel of real estate is assessed at its actual value as defined in Iowa Code section 441.21.

Deb McWhirter – On pastureland, the income from the livestock is not included in the formula.

Tim Johnson – What is on the special layers from FSA?

Wayne Schwickerath – FSA layers will show tillable and non-tillable lands.

Courtney Kay-Decker – Can we get FSA data through a back door method of just asking the farmers to sign off to release such data?

Deb McWhirter – That is probably not feasible as every owner (including all partial interests) must sign to release.

Tim Johnson – Once the information is in the assessors' offices, it is public record. 5-10 % of farmers don't participate in FSA programs.

Marsha Carter – Also does not think it is feasible to have all farmers sign releases.

Paul Jones – Could we adopt a position that said unless the owner signs the release, they are not eligible for any adjustments for land use?

Wayne Schwickerath – The FSA layer under discussion was an April, 2007 data set.

Chris Ensminger – FSA updates regularly, and that would be a key component.

Marsha Carter – It seems like we are not going to get the FSA data we want, so why spin our wheels on it?

Chris Ensminger – Could IDR get the FSA layer and distribute to assessors in a different form? Can our legislators help with this?

Dale Hyman - We only need the polygons, not the farm numbers.

Courtney Kay-Decker – We need to find a way to account for productivity differences through land use adjustments.

Dustin Blythe – We should look at how adjustments are being made in those jurisdictions which are adjusting.

Deb McWhirter – Larger offices with more staff and resources are most likely to have the adjustment systems in place.

Chris Ensminger – Could we do this on a statewide basis rather than county-by-county?

Public comments were as follows:

Bruce Hovden (Floyd Co Assessor) – He makes adjustments in his office. Equity within the jurisdiction is best; now we are asking for equity statewide. It is possible.

Greg Johnson (Louisa Co Assessor) – Does not make adjustments. Agrees that we need uniformity, but the state would need to help.

Bob Haegele (Iowa Cattlemen's Assn) – Should look at cash rents as basis for adjustments. USDA has a survey with this information. May be a 25% pasture to crop ratio. Could also look at how many years ground has been flooded over the last ten years for a ratio for adjustment purposes. Also thought there may be a problem with the highest and best use rules.

No future meeting date was set, but it was suggested that we would meet again in a month or so after some additional information is collected and shared.

Respectfully submitted,

Cary Halfpop